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## Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

JUL 2 6 1993

FEDERAL COMMUNICATIONS COMMISSION OF THE SECRETARY

In the Matter of

Implementation of Sections 12 and 19 of the Cable Television Consumer Protection and Competition Act of 1992

Development of Comptetion and Diversity in Video Programming Distribution and Carriage

TO: The Commission

MM Docket 92-265

## CONSIDATED REPLY TO OPPOSITIONS TO PETITION FOR RECONSIDERATION

Black Entertainment Television, Inc. ("BET") hereby replies to the Oppositions filed by GTE Service Corporation ("GTE") and the Wireless Cable Association International, Inc. ("Wireless") in the captioned proceeding.

BET has urged the Commission to adopt a more flexible attribution standard for minority-owned cable programmers or to adopt the single majority shareholder exemption applicable to the broadcast attribution rule. As an initial matter, we note that the Commission has adopted the broadcast attribution standards in its Horizontal and Vertical Ownership proceeding. See Report and Order and Further Notice of Proposed Rulemaking in MM Docket 92-264, F.C.C. 93-332 (Released July 23, 1993). There is no logical reason why these same standards could not and should not apply to program access as well. At the very least, such standards should apply to "video programmers [that] are

No. of Copies rec'd\_ List A B C D E minority-controlled or are targeted to a minority audience," as suggested in paragraph 70 of the Horizontal and Vertical Ownership proceeding.

Wireless argues that minority programming should not receive "special treatment" under Section 19 of the 1992 Cable Act, arguing that "[w]hen Congress intended for educational or minority programming to be afforded special treatment, it so provided," referring to Section 9(c) of the 1992 Cable Act. Such an argument presumes that the 1992 Cable Act is a piecemeal patchwork of sections that have no common or unifying purposes. The argument also assumes that Congress would have wanted to promote minority programming for some purposes but not for others. The argument is baseless, however, because Congress clearly stated in Section 19 that its purpose was to "increas[e] competition and diversity in the multichannel video programming market ... " Almost word for word, this is the same purpose Congress set forth in Section 9(c) of the Act regarding leased access programming. In Section 19, however, Congress left it to the Commission to determine how best to fulfill the purpose of increasing competition and diversity.

The Commission noted in footnote 19 of its <u>First Report</u>
and <u>Order</u> in this proceeding that the attribution standard for

attribution standard for minority programmers and to do so would serve the purposes of the 1992 Cable Act in general and Section 19 in particular.

More importantly, it is necessary to provide a more flexible attribution standard for minority programming in order to achieve the purposes of this section. Unlike many of the mass appeal cable programmers who will be carried by cable and other multichannel video program providers under just about any circumstances, BET has learned that it is sometimes necessary to deal with different multichannel program providers in different ways, not for the purpose of discriminating against multichannel program providers, but rather to maximize distribution of BET. The underlying premise of the restrictions on so-called "vertically integrated" programmers is that they will use whatever market power they have to extort higher fees from non-cable multichannel program providers or to maintain exclusive contracts with their affiliated cable operators. Thus, the restrictions on how the mass appeal programmers deal with program distributors arguably promotes diversity. BET's problem, however, is that it lacks the market power to significantly affect price. BET needs the flexibility to deal with different program providers in different ways to obtain carriage by those providers. Thus, the goal of increasing diversity is truly served only by allowing a more flexibible attribution standard for minority programmers such as BET.

Similarly, GTE is concerned that freeing BET from the restrictions imposed on "vertically integrated" programmers might ultimately foreclose BET from being carried via alternative BET needs marketing flexibility to reach the point where its programming is as much desired by both cable operators and alternative media as some of the non-vertically integrated mass appeal programming is today. Since the flexibility it urges would be a matter of Commission regulation (rather than statutory) any such regulation could be changed if and when circumstances change. Alternatively, GTE and others would be able to avail themselves of the Commission's general waiver authority as needed. It makes far more sense to consider a rule change or waiver as a future possibility if circumstances change, than to foreclose BET ab initio from achieving parity with other mass appeal programmers. Such a result would clearly contravene the purposes of the 1992 Cable Act.

Respectfully submitted,

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July 26, 1993

## CERTIFICATE OF SERVICE

I hereby certify that I have mailed, postage prepaid, this 26th day of July, 1993, a copy of the foregoing Consolidated Reply to Oppositions to Petition for Reconsideration to the following:

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